

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2008

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Winfield-Mt. Union Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**Board of Education
(Before September 2007 election)**

Robin Therme	President	2009
Karl Hester	Vice President	2007
Kim Fenton	Board Member	2008
Karen Jennings	Board Member	2009
Rodney Reynolds	Board Member	2007

**Board of Education
(After September 2007 election)**

Robin Therme	President	2009
Karen Jennings	Vice President	2009
Kim Fenton	Board Member	2008
Rick Probasco	Board Member	2010
Rodney Reynolds	Board Member	2010

School Officials

Lynn Ubben	Superintendent	2008
Carmen Benson	District Secretary/ Treasurer/ Business Manager	2008
Drew Bracken	Attorney	2008

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Winfield-Mt. Union Community School District:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Winfield-Mt. Union Community School District, Winfield, Iowa as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Winfield-Mt. Union Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2009 on our consideration of the Winfield-Mt. Union Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 31 through 32 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Winfield-Mt. Union Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nolte, Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

March 2, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Winfield-Mt. Union Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,462,631 in fiscal 2007 to \$3,800,022 in fiscal 2008, while General Fund expenditures increased from \$3,475,352 in fiscal 2007 to \$3,482,179 in fiscal 2008. This resulted in an increase in the District's General Fund balance from \$390,659 in fiscal 2007 to a balance of \$708,502 in fiscal 2008, an 81.36% increase over the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax and state source revenues during fiscal 2008. The increase in expenditures can be attributed to increases in support services and other expenditures expenses during the year.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Winfield-Mt. Union Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Winfield-Mt. Union Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Winfield-Mt. Union Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1

Winfield-Mt. Union Community School District Annual Financial Report

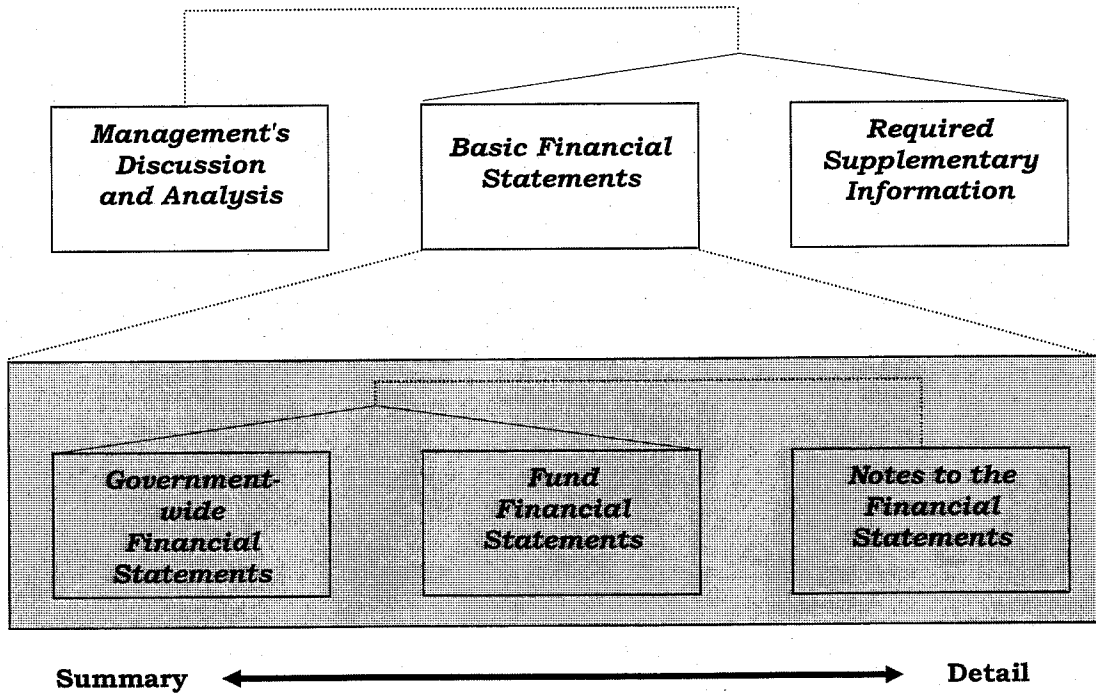


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2			
Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects and Debt Service Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 2,938,898	3,104,716	13,678	24,105	2,952,576	3,128,821	-5.63%
Capital assets	1,435,490	1,289,201	21,124	21,765	1,456,614	1,310,966	11.11%
Total assets	4,374,388	4,393,917	34,802	45,870	4,409,190	4,439,787	-0.69%
Long-term obligations	420,000	596,575	0	0	420,000	596,575	-29.60%
Other liabilities	1,765,889	2,284,521	2,104	4,516	1,767,993	2,289,037	-22.76%
Total liabilities	2,185,889	2,881,096	2,104	4,516	2,187,993	2,885,612	-24.18%
Net assets:							
Invested in capital assets, net of related debt	1,015,490	692,626	21,124	21,765	1,036,614	714,391	45.10%
Restricted	402,210	441,692	0	0	402,210	441,692	-8.94%
Unrestricted	770,799	378,503	11,574	19,589	782,373	398,092	96.53%
Total net assets	\$ 2,188,499	1,512,821	32,698	41,354	2,221,197	1,554,175	42.92%

The District's combined net assets increased by \$667,022, or 42.92% compared to the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased approximately \$39,482, or 8.94% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day –to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$384,281, or 96.53%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to the year ended June 30, 2007.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Revenues:							
Program revenues:							
Charges for services	\$ 570,551	774,928	86,333	72,840	656,884	847,768	-22.52%
Operating grants and contributions and restricted interest	520,309	421,293	89,277	93,074	609,586	514,367	18.51%
Capital grants and contributions and restricted interest	41,872	20,064	0	0	41,872	20,064	108.69%
General revenues:							
Property tax	1,555,486	1,180,495	0	0	1,555,486	1,180,495	31.77%
Local option sales and service tax	202,824	201,041	0	0	202,824	201,041	0.89%
Unrestricted state grants	1,502,572	1,428,071	0	0	1,502,572	1,428,071	5.22%
Other	110,309	82,804	364	1,073	110,673	83,877	31.95%
Total revenues	4,503,923	4,108,696	175,974	166,987	4,679,897	4,275,683	9.45%
Program expenses:							
Governmental activities:							
Instructional	2,353,451	2,539,521	0	0	2,353,451	2,539,521	-7.33%
Support services	1,116,831	1,036,005	0	0	1,116,831	1,036,005	7.80%
Non-instructional programs	0	0	184,630	187,701	184,630	187,701	-1.64%
Other expenses	357,963	230,514	0	0	357,963	230,514	55.29%
Total expenses	3,828,245	3,806,040	184,630	187,701	4,012,875	3,993,741	0.48%
Changes in net assets	675,678	302,656	(8,656)	(20,714)	667,022	281,942	136.58%
Net assets beginning of year	1,512,821	1,210,165	41,354	62,068	1,554,175	1,272,233	22.16%
Net assets end of year	\$ 2,188,499	1,512,821	32,698	41,354	2,221,197	1,554,175	42.92%

Property tax and unrestricted state grants account for 67.90% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.79% of the revenue from business type activities.

The District's total revenues were approximately \$4.68 million of which \$4.50 million was for governmental activities and less than \$0.18 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 9.45% increase in revenues and a 0.48% increase in expenses. The increase in revenues was due to increased local property tax, local option sales and service tax and unrestricted state grant revenues the District received during fiscal 2008. The increase in expenses related to increases in costs for support services and other expenses during the year.

Governmental Activities

Revenues for governmental activities were \$4,503,923 and expenses were \$3,828,245.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 2,353,451	2,703,303	-12.94%	1,385,682	1,642,762	-15.65%
Support services	1,116,831	1,039,809	7.41%	1,116,831	1,039,809	7.41%
Other expenses	357,963	190,616	87.79%	193,000	74,548	158.89%
Totals	<u>\$ 3,828,245</u>	<u>3,933,728</u>	<u>-2.68%</u>	<u>2,695,513</u>	<u>2,757,119</u>	<u>-2.23%</u>

- The cost financed by users of the District's programs was \$570,551.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$562,181.
- The net cost of governmental activities was financed with \$1,555,486 in local tax, \$202,824 in local option sales and service tax, \$1,520,572 in unrestricted state grants, \$61,164 in interest income, and \$49,145 in other general revenues.

Business-Type Activities

Revenues of the District's business-type activities were \$175,974 and expenses were \$184,630. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Winfield-Mt. Union Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$1,101,170, over last year's ending fund balances of \$825,055. The main reason for the increase in fund balances could be attributable to the increase in General Fund balance.

Governmental Fund Highlights

- The District's improving General Fund financial position is the product of many factors. An increase in local tax revenues as well as an increase in state grant revenues resulted in an increase in General Fund revenues. Although there was an increase in General Fund expenditures during fiscal 2008, total revenues outpaced expenses thus ensuring the increase in the General Fund balance.
- The Physical Plant and Equipment Levy (PPEL) fund balance increased from \$26,810 to \$41,599. Total revenues exceeded expenses, thus, ensuring the increase in the PPEL fund balance.
- The Capital Projects fund balance decreased from \$178,974 to \$140,707 during the current year, due to a slight increase in local option sales and service tax and an increase in expenses.
- The Debt Service fund balance decreased from \$54,899 to \$34,882 because of normal activities stemming from payment of District debt.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$41,354 at June 30, 2007 to \$32,698 at June 30, 2008, representing a decrease of approximately 20.93%.

BUDGETARY HIGHLIGHTS

The District's revenues were \$191,360 less than budgeted revenues, a variance of 3.99%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

Total expenditures were less than budgeted, primarily due to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$1,456,614, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 11.11% from last year. More detailed information about capital assets is available in Note 3 to the financial statements. Depreciation expense for the year was \$95,067.

The original cost of the District's capital assets was \$3,713,056. Governmental funds account for \$3,579,660 million with the remainder of \$133,396 in the Proprietary, School Nutrition Fund.

The largest dollar change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$214,148 at June 30, 2007, compared to \$352,589 reported at June 30, 2008. This increase resulted from purchases made during the year.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 57,263	57,263	0	0	57,263	57,263	0.00%
Buildings	828,814	906,514	0	0	828,814	906,514	-8.57%
Improvements other than buildings	217,948	133,041	0	0	217,948	133,041	63.82%
Machinery and equipment	331,465	192,383	21,124	21,765	352,589	214,148	64.65%
Total	\$ 1,435,490	1,289,201	21,124	21,765	1,456,614	1,310,966	11.11%

Long-Term Debt

At June 30, 2008, the District had long-term debt outstanding of \$420,000 in general obligation bonds and a bus lease. This represents a decrease of approximately 29.60% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 4 to the financial statements.

The District had total outstanding general obligation bonds payable of \$420,000 at June 30, 2008.

At June 30, 2008, the District had terminated its long term debt Bus Lease and entered into an operating lease for 4 buses, see Note 5 of the Independent Auditors Report.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total
	June 30,		Change
	2008	2007	June 30, 2007-08
General obligation bonds	\$ 420,000	550,000	-23.64%
Bus lease	0	46,575	-100.00%
Total	<u>\$ 420,000</u>	<u>596,575</u>	<u>-29.60%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carmen Benson, District Board Secretary, Winfield-Mt. Union Community School District, 208 S Olive, Winfield, Iowa, 52659.

BASIC FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and pooled investments	\$ 1,245,169	10,678	1,255,847
Receivables:			
Property tax:			
Delinquent	26,238	0	26,238
Succeeding year	1,478,428	0	1,478,428
Income surtax	74,017	0	74,017
Accounts	62,670	0	62,670
Due from other governments	52,376	0	52,376
Inventories	0	3,000	3,000
Capital assets, net of accumulated depreciation (Note 3)	1,435,490	21,124	1,456,614
TOTAL ASSETS	4,374,388	34,802	4,409,190
LIABILITIES			
Accounts payable	10,479	166	10,645
Interest payable	2,178	0	2,178
Salaries and benefits payable	274,804	0	274,804
Deferred revenue:			
Succeeding year property tax	1,478,428	0	1,478,428
Unearned revenue	0	1,938	1,938
Long-term liabilities (Note 4):			
Portion due within one year:			
General obligation bonds	135,000	0	135,000
Portion due after one year:			
General obligation bonds	285,000	0	285,000
TOTAL LIABILITIES	2,185,889	2,104	2,187,993
NET ASSETS			
Invested in capital assets, net of related debt	1,015,490	21,124	1,036,614
Restricted for:			
Salary improvement program	1,645	0	1,645
Additional teacher contract day	725	0	725
Market factor incentives	3,090	0	3,090
Professional development	3,115	0	3,115
Market factor	967	0	967
Management levy	66,748	0	66,748
Physical plant & equipment levy	41,599	0	41,599
Capital projects	140,707	0	140,707
Debt service	34,882	0	34,882
Other special revenue purposes	108,732	0	108,732
Unrestricted	770,799	11,574	782,373
TOTAL NET ASSETS	\$ 2,188,499	32,698	2,221,197

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern-mental Activities	Business Type Activities	Total
Functions/Programs							
Governmental activities:							
Instruction:							
Regular instruction	\$ 1,530,195	377,631	376,380	0	(776,184)	0	(776,184)
Special instruction	325,358	38,350	20,838	0	(266,170)	0	(266,170)
Other instruction	497,898	154,570	0	0	(343,328)	0	(343,328)
	<u>2,353,451</u>	<u>570,551</u>	<u>397,218</u>	<u>0</u>	<u>(1,385,682)</u>	<u>0</u>	<u>(1,385,682)</u>
Support services:							
Student services	74,070	0	0	0	(74,070)	0	(74,070)
Instructional staff services	91,204	0	0	0	(91,204)	0	(91,204)
Administration services	500,243	0	0	0	(500,243)	0	(500,243)
Operation and maintenance of plant services	270,929	0	0	0	(270,929)	0	(270,929)
Transportation services	180,385	0	0	0	(180,385)	0	(180,385)
	<u>1,116,831</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,116,831)</u>	<u>0</u>	<u>(1,116,831)</u>
Other expenditures:							
Facilities acquisitions	164,559	0	0	41,872	(122,687)	0	(122,687)
Long-term debt interest	14,283	0	0	0	(14,283)	0	(14,283)
AEA flowthrough	123,091	0	123,091	0	0	0	0
Depreciation(unallocated)*	56,030	0	0	0	(56,030)	0	(56,030)
	<u>357,963</u>	<u>0</u>	<u>123,091</u>	<u>41,872</u>	<u>(193,000)</u>	<u>0</u>	<u>(193,000)</u>
Total governmental activities	3,828,245	570,551	520,309	41,872	(2,695,513)	0	(2,695,513)
Business-Type activities:							
Non-instructional programs:							
Nutrition services	184,630	86,333	89,277	0	0	(9,020)	(9,020)
Total business-type activities	<u>184,630</u>	<u>86,333</u>	<u>89,277</u>	<u>0</u>	<u>0</u>	<u>(9,020)</u>	<u>(9,020)</u>
Total	<u>\$ 4,012,875</u>	<u>656,884</u>	<u>609,586</u>	<u>41,872</u>	<u>(2,695,513)</u>	<u>(9,020)</u>	<u>(2,704,533)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 1,399,300	0	1,399,300
Debt services					127,247	0	127,247
Capital outlay					28,939	0	28,939
Local option sales and service tax					202,824	0	202,824
Unrestricted state grants					1,502,572	0	1,502,572
Unrestricted investment earnings					61,164	364	61,528
Other					49,145	0	49,145
Total general revenues					<u>3,371,191</u>	<u>364</u>	<u>3,371,555</u>
Changes in net assets					675,678	(8,656)	667,022
Net assets beginning of year					1,512,821	41,354	1,554,175
Net assets end of year					<u>\$ 2,188,499</u>	<u>32,698</u>	<u>2,221,197</u>

* This amount excludes the depreciation that is included in the direct expense of various programs

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects	Total Nonmajor Governmental Funds	Total
ASSETS				
Cash and pooled investments	\$ 908,249	88,433	248,487	1,245,169
Receivables:				
Property tax				
Delinquent	22,764	0	3,474	26,238
Succeeding year	1,214,207	0	264,221	1,478,428
Income surtax	74,017	0	0	74,017
Accounts	10,396	52,274	0	62,670
Due from other governments	52,376	0	0	52,376
TOTAL ASSETS	\$ 2,282,009	140,707	516,182	2,938,898
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 10,479	0	0	10,479
Salaries and benefits payable	274,804	0	0	274,804
Deferred revenue:				
Succeeding year property tax	1,214,207	0	264,221	1,478,428
Income surtax	74,017	0	0	74,017
Total liabilities	1,573,507	0	264,221	1,837,728
Fund balances:				
Reserved for:				
Debt service	0	0	34,882	34,882
Salary improvement program	1,645	0	0	1,645
Additional teacher contract day	725	0	0	725
Market factor incentives	3,090	0	0	3,090
Professional development	3,115	0	0	3,115
Market factor	967	0	0	967
Unreserved:				
Designated for special purpose	57,969	0	2,650	60,619
Undesignated	640,991	140,707	214,429	996,127
Total fund balances	708,502	140,707	251,961	1,101,170
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,282,009	140,707	516,182	2,938,898

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2008

Total fund balances of governmental funds (page 15)	\$ 1,101,170
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,435,490
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	74,017
Accrued interest payable in long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(2,178)
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(420,000)
Net assets of governmental activities (page 13)	<u>\$ 2,188,499</u>

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Total Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 1,285,822	202,824	195,647	1,684,293
Tuition	402,937	0	0	402,937
Other	127,320	30,410	184,086	341,816
State sources	1,849,610	16,822	95	1,866,527
Federal sources	134,333	0	0	134,333
Total revenues	3,800,022	250,056	379,828	4,429,906
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	1,690,544	0	0	1,690,544
Special instruction	325,358	0	0	325,358
Other instruction	359,031	0	138,867	497,898
	2,374,933	0	138,867	2,513,800
Support services:				
Student services	74,070	0	0	74,070
Instructional staff services	91,204	0	0	91,204
Administration services	466,769	0	33,474	500,243
Operation and maintenance of plant services	238,512	12,584	19,833	270,929
Transportation services	113,600	48,232	21,825	183,657
	984,155	60,816	75,132	1,120,103
Other expenditures:				
Facilities acquisitions	0	227,327	22,505	249,832
Long-term debt:				
Principal	0	0	130,000	130,000
Interest and fiscal charges	0	0	16,965	16,965
AEA flowthrough	123,091	0	0	123,091
	123,091	227,327	169,470	519,888
Total expenditures	3,482,179	288,143	383,469	4,153,791
Net change in fund balances	317,843	(38,087)	(3,641)	276,115
Fund balance beginning of year	390,659	178,794	255,602	825,055
Fund balance end of year	\$ 708,502	140,707	251,961	1,101,170

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds (page 17) \$ 276,115

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense, and loss on the disposal of assets in the year are as follows:

Capital outlays	\$ 280,376	
Depreciation expense	(90,651)	
Loss on asset disposal	<u>(43,436)</u>	146,289

Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds. 74,017

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 176,575

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 2,682

Changes in net assets of governmental activities (page 14) \$ 675,678

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

	<u>School</u> <u>Nutrition</u>
ASSETS	
Cash and cash equivalents	\$ 10,678
Inventories	3,000
Capital assets, net of accumulated depreciation (Note 3)	<u>21,124</u>
TOTAL ASSETS	<u>34,802</u>
LIABILITIES	
Accounts payable	166
Unearned revenues	<u>1,938</u>
TOTAL LIABILITIES	<u>2,104</u>
NET ASSETS	
Invested in capital assets	21,124
Unrestricted	<u>11,574</u>
TOTAL NET ASSETS	<u>\$ 32,698</u>

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2008

	<u>School Nutrition</u>
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 86,333
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	49,357
Benefits	6,609
Services	2,223
Supplies	122,025
Depreciation	4,416
TOTAL OPERATING EXPENSES	<u>184,630</u>
OPERATING LOSS	<u>(98,297)</u>
NON-OPERATING REVENUES:	
Interest income	364
State sources	2,300
Federal sources	86,977
TOTAL NON-OPERATING REVENUES	<u>89,641</u>
Change in net assets	(8,656)
Net assets at beginning of year	<u>41,354</u>
Net assets end of year	<u><u>\$ 32,698</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 84,113
Cash payments to employees for services	(55,966)
Cash payments to suppliers for goods or services	(113,885)
Net cash used in operating activities	<u>(85,738)</u>
Cash flows from non-capital financing activities:	
State grants received	2,300
Federal grants received	75,358
Net cash provided by non-capital financing activities	<u>77,658</u>
Cash flows from investing activities:	
Interest on investments	<u>364</u>
Cash flows from capital financing activities:	
Purchase of assets	<u>(3,775)</u>
Net decrease in cash and cash equivalents	(11,491)
Cash and cash equivalents at beginning of year	<u>22,169</u>
Cash and cash equivalents at end of year	<u><u>\$ 10,678</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (98,297)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	11,619
Depreciation	4,416
Increase in inventories	(1,064)
Decrease in accounts payable	(192)
Decrease in unearned revenue	(2,220)
Net cash used in operating activities	<u><u>\$ (85,738)</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and pooled investments	<u><u>\$ 10,678</u></u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	

During the year ended June 30, 2008, the District received
Federal commodities valued at \$11,619.

SEE NOTES TO FINANCIAL STATEMENTS

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(1) Summary of Significant Accounting Policies

The Winfield-Mt. Union Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Winfield and Mt. Union, Iowa, and the predominate agricultural territory in Des Moines, Henry, Louisa, and Washington Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Winfield-Mt. Union Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Winfield-Mt. Union Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Des Moines, Henry, Louisa, and Washington County Assessors' Conference Board.

B. Basis of Presentation

Government-wide financial statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is used for all resources used in the acquisition and construction of capital facilities.

The District's proprietary fund is the School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The Government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the "economic resources measurement focus" and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred,

regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	1,000
Land improvements	1,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	1,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 year:
Land improvements	20 year:
Machinery and equipment	5-20 year:

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned revenues - Unearned revenues are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designated Fund Balances - In the governmental fund financial statements, designated funds are not available for appropriation, but are set aside for a specific purpose. The designated fund balances are for a specific children's playground, in the Special Purpose Revenue-Activity Fund and various resale, fundraisers, and donations accounts of the General Fund.

Restricted Net Assets - In the Government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The District's deposits in bank at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified portfolio	<u>\$ 1,063,509</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 129,621	3,775	0	133,396
Less accumulated depreciation	107,856	4,416	0	112,272
Business-type activities capital assets, net	<u>\$ 21,765</u>	<u>(641)</u>	<u>0</u>	<u>21,124</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 57,263	0	0	57,263
Total capital assets not being depreciated	<u>57,263</u>	<u>0</u>	<u>0</u>	<u>57,263</u>
Capital assets being depreciated:				
Buildings	2,274,425	16,638	103,420	2,187,643
Land improvements	141,379	90,035	0	231,414
Machinery and equipment	1,033,286	173,703	103,649	1,103,340
Total capital assets being depreciated	<u>3,449,090</u>	<u>280,376</u>	<u>207,069</u>	<u>3,522,397</u>
Less accumulated depreciation for:				
Buildings	1,367,911	50,902	59,984	1,358,829
Land improvements	8,338	5,128	0	13,466
Machinery and equipment	840,903	34,621	103,649	771,875
Total accumulated depreciation	<u>2,217,152</u>	<u>90,651</u>	<u>163,633</u>	<u>2,144,170</u>
Total capital assets being depreciated, net	<u>1,231,938</u>	<u>189,725</u>	<u>43,436</u>	<u>1,378,227</u>
Governmental activities capital assets, net	<u>\$ 1,289,201</u>	<u>189,725</u>	<u>43,436</u>	<u>1,435,490</u>

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 13,354
Support services:	
Transportation	21,267
Unallocated depreciation	<u>56,030</u>
Total governmental activities depreciation expense	<u>\$ 90,651</u>
Business-type activities:	
Food services	<u>\$ 4,416</u>

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General obligation	\$ 550,000	0	130,000	420,000	135,000
Bus lease	46,575	0	46,575	0	0
Total	\$ 596,575	0	176,575	420,000	135,000

General Obligation

Details of the District's June 30, 2008 General Obligation bonds indebtedness is as follows:

Year Ending June 30,	Interest Rate	Bond issue May 27, 1997		
		Principal	Interest	Total
2009	3.00	% \$ 135,000	13,065	148,065
2010	3.13	140,000	9,015	149,015
2011	3.20	145,000	4,640	149,640
Total		\$ 420,000	26,720	446,720

(5) Leases

Operating Lease

During the year ended June 30, 2008, the District entered into an operating lease for four buses with Blue Bird Body Company, Fort Valley, GA. The minimum payment including implicit interest is \$48,232. The payments will be secured by the local option sales and services tax collected by the District, during the life of the lease.

Details of the District's June 30, 2008 equipment operating lease indebtedness is as follows:

Equipment Operating Lease	
Year ending June 30,	Lease Amount
2009	\$ 48,232
2010	48,232
2011	195,568
Total	\$ 292,032

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a

publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended 2008, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$125,916, 123,343, and \$121,218, respectively, equal to the required contributions for each year.

(7) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: dental, life, and long term disability.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2008 were \$167,924.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior notice may withdraw.

Winfield-Mt. Union Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$123,091 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 2,429,046	86,697	2,515,743	2,713,676	2,713,676	(197,933)
State sources	1,866,527	2,300	1,868,827	1,814,564	1,814,564	54,263
Federal sources	134,333	86,977	221,310	269,000	269,000	(47,690)
Total revenues	4,429,906	175,974	4,605,880	4,797,240	4,797,240	(191,360)
Expenditures:						
Instruction	2,513,800	0	2,513,800	3,553,663	3,553,663	1,039,863
Support services	1,120,103	0	1,120,103	1,360,000	1,360,000	239,897
Non-instructional programs	0	184,630	184,630	262,568	262,568	77,938
Other expenditures	519,888	0	519,888	629,899	629,899	110,011
Total expenditures	4,153,791	184,630	4,338,421	5,806,130	5,806,130	1,467,709
Excess(deficiency) of revenues and other financing sources over(under) expenditures	276,115	(8,656)	267,459	(1,008,890)	(1,008,890)	1,276,349
Balance beginning of year	825,055	41,354	866,409	1,106,007	1,106,007	(239,598)
Balance end of year	\$ 1,101,170	32,698	1,133,868	97,117	97,117	1,036,751

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

OTHER SUPPLEMENTARY INFORMATION

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

	Special Revenue Funds					Total
	Manage- ment Levy	Student Activity	Physical Plant & Equipment Levy	Total Special Revenue	Debt Service	Other Nonmajor Governmental Funds
ASSETS						
Cash and pooled investments	\$ 66,040	108,732	41,088	215,860	32,627	248,487
Receivables:						
Property tax:						
Current year delinquent	708	0	511	1,219	2,255	3,474
Succeeding year	85,000	0	30,756	115,756	148,465	264,221
TOTAL ASSETS	\$ 151,748	108,732	72,355	332,835	183,347	516,182
LIABILITIES AND FUND BALANCES						
Liabilities:						
Deferred revenue:						
Succeeding year property tax	\$ 85,000	0	30,756	115,756	148,465	264,221
Fund balances:						
Unreserved:						
Designated for special purpose	0	2,650	0	2,650	0	2,650
Undesignated	66,748	106,082	41,599	214,429	34,882	249,311
Total fund balances	66,748	108,732	41,599	217,079	34,882	251,961
TOTAL LIABILITIES AND FUND BALANCES	\$ 151,748	108,732	72,355	332,835	183,347	516,182

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2008

	Special Revenue Funds					Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Physical Plant & Equipment Levy	Total Special Revenue	Debt Service	
REVENUES:						
Local sources:						
Local tax	\$ 39,461	0	28,939	68,400	127,247	195,647
Other	4,869	157,228	21,940	184,037	49	184,086
State sources	19	0	14	33	62	95
TOTAL REVENUES	44,349	157,228	50,893	252,470	127,358	379,828
EXPENDITURES:						
Instruction:						
Other instruction	0	138,867	0	138,867	0	138,867
Support services:						
Administration services	33,074	0	0	33,074	400	33,474
Operation and maintenance of plant services	19,833	0	0	19,833	0	19,833
Transportation services	8,226	0	13,599	21,825	0	21,825
Other expenditures:						
Facilities acquisition	0	0	22,505	22,505	0	22,505
Long-term debt:						
Principal	0	0	0	0	130,000	130,000
Interest and fiscal charges	0	0	0	0	16,965	16,965
TOTAL EXPENDITURES	61,133	138,867	36,104	236,104	147,365	383,469
Excess (deficiency) of revenues over (under) expenditures	(16,784)	18,361	14,789	16,366	(20,007)	(3,641)
Fund balance beginning of year	83,532	90,371	26,810	200,713	54,889	255,602
Fund balance end of year	\$ 66,748	108,732	41,599	217,079	34,882	251,961

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Athletics				
Activity passes	\$ 0	8,704	8,424	280
Donations	6,828	1,155	1,055	6,928
Fruit fundraiser	0	8,626	5,509	3,117
Football gate	8,168	6,824	7,075	7,917
Football in/out	0	3,822	1,605	2,217
Basketball gate	11,014	11,033	9,065	12,982
Girls basketball in/out	0	5,108	4,304	804
Sports awards	0	2	2	0
Boys basketball in/out	0	3,037	1,935	1,102
Track entry fees	0	1,645	695	950
Track-girls in/out	969	2,334	2,546	757
HS wrestling supplies	0	225	225	0
Baseball gate	1,228	2,144	2,437	935
Baseball in/out	0	2,884	2,728	156
Softball gate	3,105	2,328	5,187	246
Softball in/out	0	978	129	849
Volleyball gate	3,854	3,086	2,512	4,428
Volleyball in/out	0	1,696	1,016	680
Golf in/out	0	1,349	1,163	186
Cheerleaders	1,309	0	1,309	0
Cheerleaders-football	0	2,354	2,354	0
Cheerleaders-basketball	0	1,493	1,048	445
Drill team	300	104	404	0
	<u>36,775</u>	<u>70,931</u>	<u>62,727</u>	<u>44,979</u>
Clubs				
Drama	155	428	293	290
Pep club	1,488	2,236	2,708	1,016
Art club	0	157	157	0
	<u>1,643</u>	<u>2,821</u>	<u>3,158</u>	<u>1,306</u>
Graduating Classes				
School projects	436	725	0	1,161
Class of 2007	974	0	974	0
Class of 2008	2,092	7,169	9,041	220
Class of 2009	1,408	8,247	6,804	2,851
Class of 2010	835	266	2	1,099
Class of 2011	344	245	0	589
Class of 2012	310	398	0	708
Class of 2013	114	407	0	521
Class of 2014	0	292	0	292
Class of 2015	0	1,544	1,244	300
	<u>6,513</u>	<u>19,293</u>	<u>18,065</u>	<u>7,741</u>

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Academic				
Home economics catering	5,723	50	0	5,773
Yearbook	9,263	12,636	9,833	12,066
Honor society	787	680	751	716
Student council pop machine	7,198	7,145	6,134	8,209
Student council dances	0	744	744	0
Student council income	4,031	657	4,345	343
Instrumental music	487	13,392	12,087	1,792
Instrumental music fundraiser	0	305	305	0
Band resale acct	0	405	57	348
Piano Fundraiser	0	370	370	0
Vocal music fundraiser	241	0	218	23
Cafe concert	3,630	1,096	522	4,204
Marketing fundraiser	1,651	4,835	4,101	2,385
Newsletter	0	135	135	0
	33,011	42,450	39,602	35,859
Elementary miscellaneous				
Library book fair	807	2,430	1,787	1,450
Elementary misc. banking	3,543	4,264	4,259	3,548
Box tops for education	0	7,092	4,442	2,650
Elementary yearbook	1,036	452	245	1,243
	5,386	14,238	10,733	8,891
High school miscellaneous				
High school miscellaneous	410	2,519	2,403	526
Wolves care club	4,564	2,115	1,527	5,152
Interest	24	2,861	0	2,885
Teacher's Renaissance	2,045	0	652	1,393
	7,043	7,495	4,582	9,956
Total	\$ 90,371	157,228	138,867	108,732

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FIVE YEARS

	Modified Accrual Basis				
	Years Ended June 30,				
	2008	2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$ 1,684,293	1,381,536	1,394,511	1,250,247	1,323,730
Tuition	402,937	596,845	516,973	593,185	605,739
Other	341,816	270,042	291,375	247,303	228,234
Intermediate sources	0	4,083	0	0	0
State sources	1,866,527	1,710,457	1,519,699	1,421,093	1,421,032
Federal sources	134,333	145,733	136,751	143,816	138,885
Total	<u>\$ 4,429,906</u>	<u>4,108,696</u>	<u>3,859,309</u>	<u>3,655,644</u>	<u>3,717,620</u>
Expenditures:					
Instruction:					
Regular instruction	\$ 1,690,544	1,671,219	1,717,084	1,773,320	1,588,181
Special instruction	325,358	431,126	467,715	365,738	634,612
Other instruction	497,898	509,558	544,939	386,019	359,414
Support services:					
Student services	74,070	67,308	62,814	83,102	83,543
Instructional staff services	91,204	75,723	87,589	100,837	77,740
Administration services	500,243	476,115	475,604	390,379	451,739
Operation and maintenance					
of plant services	270,929	260,270	258,851	226,144	225,627
Transportation services	183,657	140,843	154,280	298,932	111,562
Other expenditures:					
Facilities acquisitions	249,832	193,320	101,813	86,153	5,241
Long Term Debt:					
Principal	130,000	151,190	150,145	153,376	120,000
Interest	16,965	27,676	31,533	25,703	28,003
AEA flow-through	123,091	115,725	108,983	107,382	110,599
Total	<u>\$ 4,153,791</u>	<u>4,120,073</u>	<u>4,161,350</u>	<u>3,997,085</u>	<u>3,796,261</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
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Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Winfield-Mt. Union Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Winfield-Mt. Union Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 2, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Winfield-Mt. Union Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Winfield-Mt. Union Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Winfield-Mt. Union Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Winfield-Mt. Union Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Winfield-Mt. Union Community School District's financial statements that is more than inconsequential will not be prevented or detected by Winfield-Mt. Union Community School District's internal control. We consider the deficiencies in internal control described in Part I of the Schedule of Findings and to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Winfield-Mt. Union Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-08 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Winfield-Mt. Union Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Winfield-Mt. Union Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Winfield-Mt. Union Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Winfield-Mt. Union Community School District and other parties to whom Winfield-Mt. Union Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Winfield-Mt. Union Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

March 2, 2009

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part I: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - Duties for handling cash receipts, bank deposits, opening mail and disbursements have been divided between office staff, so one person is not handling transactions from start to finish. The Superintendent will continue to review and initial reports and bank reconciliations.

Conclusion - Response accepted.

WINFIELD-MT. UNION COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part II: Other Findings Related to Required Statutory Reporting

II-A-08 Certified Budget - District disbursements for the year ended June 30, 2008, did not exceed the amount budgeted.

II-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-08 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Susan Haight, Teacher Spouse owner of Hights Electric	Electrical work	\$1,655
Peg Nelson, Bus Driver Spouse repairs buses	Repair work	\$563

In accordance with the Attorney General's opinion dated November 9, 1976, the above transactions with the District's employee spouses do not appear to represent a conflict of interest.

II-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

II-G-08 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

II-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.